

Message Text

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ACTION EA-10

INFO OCT-01 EUR-12 IO-13 ISO-00 FEA-01 AGRE-00 CEA-01

CIAE-00 COME-00 DODE-00 EB-08 FRB-03 H-01 INR-07

INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05

SS-15 STR-04 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02

OMB-01 /110 W

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R 220844Z AUG 77

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 4043

INFO AMEMBASSY BANGKOK

AMEMBASSY JAKARTA

AMEMBASSY SINGAPORE

AMEMBASSY TOKYO

AMEMBASSY BRUSSELS

USMISSION GENEVA

CINCPAC

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CINCPAC FOR POLAD

USEEC

USMTN

E.O. 11652: GDS

TAGS: EGEN, RP, JP, ASEAN

SUBJECT: FUKUDA IN MANILA - FROM HEART TO HEART

SUMMARY: JAPANESE PRIME MINISTER TAKEO FUKUDA WAS GIVEN A WARM AND CORDIAL PUBLIC RECEPTION BY THE GOP BUT PRIVATELY THE JAPANESE WERE OFFENDED AS THE GOP PRESENTED A \$2.3 BILLION SHOPPING LIST WITHOUT PRIOR WARNING AND SOUGHT FIRM COMMITMENTS ON A LARGE NUMBER OF SPECIFIC AND DETAILED TRADE ISSUES RANGING FROM CARTON BOXES FOR BANANAS TO

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CANNED PINEAPPLE. FUKUDA DID PROMISE ADDITIONAL AID TO RESUME NEGOTIATIONS ON AN ECONOMIC TREATY AND A TAX TREATY. THE PERSPECTIVE OF THE VISIT LIES IN THE FUTURE REALIZATION OF THOSE PROMISES AND EXPECTATIONS AROUSED.

1. JAPANESE PRIME MINISTERTAKEO FUKUDA ENDED HIS 24-HOUR VISIT TO MANILA AUGUST 17-18 IN A PUBLIC DISPLAY OF WARMTH

AND CORDIALITY UNPRECEDENTED IN PHILIPPINE-JAPANESE RELATIONS. THE POSITIVE PUBLIC ATMOSPHERE OF THE VISIT COULD BE ATTRIBUTED IN LARGE MEASURE TO FUKUDA'S PERSONALITY. GENERAL ROMULO HAS REMARKED ON HOW DIFFERENT FUKUDA IS FROM OTHER JAPANESE -- FORTHCOMING, OPEN AND WARM. IN RETURN, PRESIDENT MARCOS WENT OUT OF HIS WAY IN PUBLIC TO BE GENEROUS-- IN MANNER AND IN CONTENT, AND FUKUDA SEEMED GENUINELY APPRECIATIVE.

2. THE POSITIVE ATMOSPHERICS, HOWEVER, DID NOT CHANGE THE FUNDAMENTALS OF HISTORY, SCEPTICISM, AND THE PSYCHOLOGICAL AND ECONOMIC DISADVANTAGES WHICH THE FILIPINOS FEEL VIS-A-VIS THE JAPANESE. INDEED, PRIVATELY THE JAPANESE EMBASSY HAD TOLD US THAT IT TAKES A MORE JAUNDICED VIEW OF THE RESULTS OF THE VISIT. PERHAPS A HARBINGER OF WHAT HAPPENED WAS THE BACKGROUNDER WHICH THE DEPARTMENT OF PUBLIC INFORMATION ISSUED ON THE EVE OF FUKUDA'S ARRIVAL. THE DPI RELEASE REHASHED ALL THE OLD COMPLAINTS AGAINST THE JAPANESE AND CRITICIZED THE "NEO-COLONIAL SHARING OF WORK" AND THE "SHARP PRACTICES" OF JAPANESE BUSINESSMEN. IT CHARGED THE JAPANESE WITH RENEGING ON CONTRACTS ON LOGS AND COPPER (WITHOUT MENTIONING THAT THE GOP ITSELF INSTITUTED A BAN ON EXPORT OF LOGS AND THE JAPANESE SMELTERS WITHDREW FROM THEIR ATTEMPT TO RENEGOTIATE THEIR CONTRACTS TWO YEARS AGO AFTER SHARP OUTCRIES FROM THE GOP). THE JAPANESE EMBASSY THOUGHT THIS WAS EXTREMELY ILL-MANNERED ON THE EVE OF A CONFIDENTIAL

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STATE VISIT AND REINFORCED THE NEGATIVE PRECONCEPTIONS WHICH THE FUKUDA PARTY HAD ABOUT DEALINGS WITH THE FILIPINOS.

3. WHAT SHOCKED THE JAPANESE WAS THE SHOPPING LIST WHICH PRESIDENT MARCOS HANDED TO FUKUDA DURING THE INITIAL CALL WHICH WAS SUPPOSED TO HAVE BEEN A COURTESY CALL. THE SHOPPING LIST WAS A CATCHALL LISTING OF PROJECTS RANGING FROM AGRICULTURE TO SOCIAL SERVICES TO INFRASTRUCTURE TO INDUSTRIAL PROJECTS. THE COST WAS ESTIMATED AT \$2.3 BILLION IN CREDITS AND \$11.5 MILLION IN GRANTS. AMONG THE PROJECTS WERE THE COPPER SMELTER (\$230 MILLION, THE INTEGRATED STEEL MILL (\$1,235 MILLION), AND THE CRUDE OIL DISTRIBUTION CENTER (\$360 MILLION).

4. AS THE SESSION CONTINUED, THE JAPANESE WERE AFRAID THEY WERE IN FOR AN ALL NIGHT SESSION AND THEIR PRIME MINISTER WOULD FIGURATIVELY BE HELD "A HOSTAGE" IN RETURN FOR FIRM COMMITMENTS. THE IMPASSE WAS BROKEN WHEN GENERAL ROMULO SUGGESTED THAT THE GOP WOULD ACCEPT A SIMPLE GOJ COMMITMENT TO THE EFFECT THAT IT WOULD SEND A SURVEY MISSION TO DEFINE SPECIFIC AREAS FOR FUTURE ASSISTANCE. ACCORDING TO THE JAPANESE EMBASSY, THE GOJ RESPONSE WAS

SIMPLY, "THE PRIME MINISTER STATED THAT THE JAPANESE GOVERNMENT WOULD MAKE FURTHER STUDY ON THE PROPOSED PROJECTS."

5. IN ADDITION, PRESIDENT MARCOS -- WHO WAS THE PRINCIPAL INTERLOCUTOR THROUGHOUT THE VISIT -- REQUESTED THE GOJ TO IMPROVE ITS GSP, INCREASE ITS OFFER LISTS IN THE MTN, REDUCE ITS TARIFF ON BANANAS, EXPAND ITS GLOBAL QUOTE FOR CANNED PINEAPPLE, PERMIT THE USE OF PHILIPPINE CARTON BOXES FOR BANANAS, ETC., ETC. THE SPECIFICITY AND DETAILS OF THE GOP REQUESTS WERE A SURPRISE TO THE JAPANESE PARTY AND THE EMBASSY AS WELL. THE EXCHANGES, PARTICULARLY ON THE SECOND DAY, WERE SPRITIED, BUT APPARENTLY THE JAPANESE MADE NO COMMITMENTS AND THIS IS REFLECTED IN THE UNILATERAL COMMUNIQUE ISSUED BY THE GOP WHICH SIMPLY REPORTED THE GOP REQUESTS AND CONFIDENTIAL

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WAS SILENT ON THE GOJ RESPONSE.

6. THE JAPANESE EMBASSY, CONTRARY TO WHAT IT EXPECTED FROM THE PREPARATIONS MADE PRIOR TO THE VISIT, WAS ALSO DISAPPOINTED THAT PRESIDENT MARCOS DID NOT HAVE SMALL SESSIONS OR TETE-A-TETE DISCUSSIONS WITH FUKUDA. HE WAS ALWAYS ACCOMPANIED BY HIS ECONOMIC MINISTERS. ABOVE ALL, OUR JAPANESE EMBASSY CONTACTS TOLD US THEY THEY FOUND MARCOS IRRITABLE AND PREOCCUPIED.

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7. FUKUDA PROMISED MARCOS \$100 MILLION IN YEN CREDITS (SIXTH PROJECT LOAN) AND \$6.9 MILLION IN GRANTS FOR FOOD PRODUCTION PROJECTS AND THE NATIONAL HYDRAULIC RESEARCH CENTER. MARCOS COMPLAINED THAT THIS WAS OLD, ROUTINE AID AND DID NOT ACCEPT FUKUDA'S EXPLANATION THAT THERE WAS AN 18 PERCENT INCREASE AND THERE WERE NEW AID COMPONENTS (\$4.7 MILLION GRANT FOR FOOD PRODUCTION). BOTH LEADERS AGREED THAT THE NEXT ROUND OF NEGOTIATIONS FOR A SUCCESSOR AGREEMENT TO THE TREATY OF AMITY, COMMERCE AND NAVIGATION BE HELD IN SEPTEMBER AND THAT NEGOTIATIONS FOR A TAX TREATY
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BE RESUMED BEFORE THE END OF 1977.

8. EAC SIDE ISSUED ITS OWN PRESS RELEASE, THE GOP CALLING ITS VERSION A COMMUNIQUE. BOTH ISSUED A VERY BLAND "JOINT MESSAGE." THE GOP UNILATERAL COMMUNIQUE DID NOT REFLECT ACCURATELY WHAT HAPPENED, ACCORDING TO THE JAPANESE EMBASSY. POINT 4 OF THE GOP COMMUNIQUE STATED THAT THE TWO LEADERS "APPEALED TO THE UNITED STATES NOT TO WITHDRAW FROM THE INTERNATIONAL LABOR ORGANIZATION (ILO) IN ORDER TO MAINTAIN GLOBAL COOPERATION." THE JAPANESE DID NOT WANT TO JOIN IN SUCH AN APPEAL, AND THE MOST THEY HAD AGREED TO WAS TO EXPRESS CONCERN OVER AN EFFECT ON THE PRINCIPLE OF UNIVERSALITY AND GLOBAL COOPERATION IN THE SPECIALIZED UN AGENCIES. THE JAPANESE DID NOT WANT A JOINT COMMUNIQUE AND PREFERRED UNILATERAL PRESS RELEASES. THE INACCURACIES IN THE GOP DOCUMENT AND THE HAGGLING OVER WORDING SIMPLY REINFORCED THEIR WORST FEARS.

9. THE PHILIPPINES WAS PLEASED THAT FUKUDA CHOSE MANILA AS THE SITE FOR ENUNCIATION OF THE "FUKUDA DOCTRINE" AT A LUNCHEON AT THE MANILA GARDEN HOTEL, A JAPAN AIRLINES JOINT VENTURE (SEE MANILA 12911 FOR TEXT). THE SPEECH DID NOT HAVE THE DRAMATIC IMPACT THAT THE JAPANESE EMBASSY EXPECTED, POSSIBLY BECAUSE IT WAS OVERBILLED BUT PROBABLY BECAUSE IT

CONTAINED LITTLE THAT WAS NEW. IT REITERATED A LONG-STANDING GOP POLICY AGAINST MILITARISM AND FORMALIZED WHAT HAD ALREADY BEEN REVEALED AT KUALA LUMPUR, THAT IS, PARTNERSHIP WITH ASEAN BUT ALSO MUTUAL UNDERSTANDING WITH VIET-NAM.

10. WHAT WAS NEW WAS THE PLEDGE TO CONSOLIDATE THE RELATIONSHIP OF MUTUAL CONFIDENCE AND TRUST BASED ON "HEART-TO-HEART" UNDERSTANDING. FUKUDA STRESSED THE NEED TO COMMUNICATE "WITH OUR HEARTS AS WELL AS OUR HEADS," AND CONFIDED THAT "YOU, CONFIDENTIAL

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FELLOW ASIANS, WILL UNDERSTAND WHAT I MEAN." FUKUDA INDEED WAS THE BEST PRACTITIONER OF WHAT HE PREACHED.

11. REACTION WAS MIXED TO THE "FUKUDA DOCTRINE". PRESIDENT MARCOS, RESPONDING TO FUKUDA'S SPEECH, SAID IT WAS THE FIRST TIME HE HEARD WHAT FUKUDA HIMSELF DESCRIBED AS A "TUNNEL SPEECH" -- LIGHT AT THE BEGINNING, DARKNESS SOMEWHERE IN THE MIDDLE, AND LIGHT AGAIN AT THE END. THE AUDIENCE ROARED WITH LAUGHTER. JOKING ASIDE, THE PRESIDENT DECLARED THAT FUKUDA'S FORCEFUL AND FORTHRIGHT STATEMENT HAD REMOVED ANY FEARS IN SOUTHEAST ASIA OF A RESURGENCE OF JAPANESE MILITARISM.

12. THERE WAS CONSIDERABLE PHILIPPINE SCEPTICISM OVER THE JAPANESE PROMISES OF INCREASED AID, AND REPORTERS ZEROED IN ON THIS QUESTION AT THE PRESS CONFERENCES. FUKUDA REPLIED STRONGLY THAT HE HAD THE CLOUT AND WOULD EXERCISE THE LEADERSHIP TO CARRY OUT HIS PROMISES. PRESIDENT MARCOS SAID THAT WHILE HE WAS CONCERNED ABOUT THIS POINT, HE BELIEVED IN FUKUDA'S SINCERITY AND HONESTY. MARCOS WENT ON TO PREDICT THAT THE PREVIOUS YEAR'S \$344 MILLION TRADE DEFICIT WITH JAPAN WOULD BE REDUCED BY \$100 MILLION THIS YEAR, AND INDICATED THAT IT WOULD BALANCE OUT IN A FEW YEARS.

13. COMMENT. PERHAPS THE JAPANESE SHOULD HAVE EXPECTED THE PHILIPPINE REQUESTS, BUT IT IS STILL RATHER EXTREME FOR THE GOP TO PRESENT A \$2.3 BILLION SHOPPING LIST WITHOUT WARNING AND TO REITERATE SPECIFIC TRADE ISSUES DOWN TO THE NTH DETAIL DURING A STATE VISIT. THE NEGATIVE JAPANESE REACTION TO THE GOP TACTICS WAS MECIRFULLY GLOSSED OVER BY THE ATMOSPHERICS OF THE VISIT AND THE WARM PUBLIC RECEPTION GIVEN THE FUKUDAS FROM MARCOS HIMSELF TO THE THOUSANDS OF SCHOOL CHILDREN. FUKUDA HAS INDEED PRACTICED HIS HEART-TO-HEART COMMUNICATIONS, BUT HE HAS AROUSED EXPECTATIONS BASED NOT ONLY ON MATERIAL BENEFITS BUT ALSO ON A PROFESSED PLEDGE TO HELP FELLOW ASIANS. THE CONFIDENTIAL

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PERSPECTIVE OF THE VISIT THUS LIES IN THE FUTURE REALIZATION
OF PROMISES MADE AND PROMISES EXPECTED, AND INDEED IN STILL
TO BE UNDERTAKEN NEGOTIATIONS ON TWO IMPORTANT TREATIES.

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Message Attributes

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To: STATE
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